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Testimony before the Appropriations Committee
Response to the Governor's Budget Recommendations
The Department of Social Services
Submitted by Maggie Adair
Connecticut Association for Human Services
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The Connecticut Association for Human Services (CAHS) would like to thank Senator Harp, Representative Walker and distinguished members of the Appropriations Committee for the opportunity to testify on the Governor's Budget for the Department of Social Services. CAHS is a 100-year-old statewide nonprofit organization that works to end poverty and engage, empower, and equip all families in Connecticut to achieve financial security.

Given the magnitude of the $3.5 billion budget deficit, CAHS acknowledges the huge challenge that the Governor faces as he tries to close the gap with a combination of cuts and revenue increases. **On the positive note, the Governor proposes a 30% refundable State Earned Income Tax Credit (EITC).** This is the most ambitious State EITC every proposed for CT's low-wage workers. We commend the Governor for this bold proposal and ask legislators to support a state EITC.

The Governor also calls for cuts to safety net programs, which impact low-income individuals. We are concerned about the depth of some of the cuts. To maintain these vital services and avoid damage to Connecticut families and the economy, we need a balanced approach to closing the budget deficit that pays as much attention to revenue reforms as to spending smarter. Governor Malloy's revenue proposals are a good start in this direction, but they could be strengthened by focusing income tax increases on wealthy households that are most able to pay, closing corporate tax loopholes, eliminating more sales tax exemptions that don't have strong benefits for the economy or tax fairness, and reviewing the hundreds of millions of dollars in corporate tax subsidies and eliminating those that aren't producing good jobs.

Our biggest concerns in the DSS budget are the cuts to the Care 4 Kids program, the Nurturing Families Network, and the changes to the Medicaid program.

Care 4 Kids
CAHS is very concerned about the $5.8 million cut to the Care4Kids program, the state's child care subsidy program. This program has a two generational strategy: it provides the opportunity for a child to be enrolled in quality early care and education, and it allows parents to work and support a family.

The Legislature appropriated $103.4 million to the Care4Kids program for FY11. Due to demand for the program, the Department of Social Services projected that the program would reach $107 million by the end of the fiscal year, resulting in a deficit. In response, DSS changed the eligibility criteria in November 2010 and now projects to only spend $94-95 million by the end of the fiscal year. We believe that the original appropriated amount of $103.4 million authorized by the Legislature should have been maintained.

On a positive note, the Governor's budget proposes $104.3 million for FY13. This increase is good for families: more children will be learning in early care and education programs and more parents will be working and contributing to the economy. CAHS reminds the Committee that the current expenditures are far lower than the $120 million allocated to this important program in just 10 years ago.

CAHS has submitted separate more detailed testimony about the Care4Kids program.

Nurturing Families Network

The Governor's budget calls for a 25 percent cut to the Children's Trust Fund budget by reducing the Nurturing Families Network program by $3.2 million. It would eliminate all funding for Nurturing Families Network at non-hospital sites in New Haven and Hartford. The Nurturing Families Network, a comprehensive and rich home visitation and family support program, strengthens families, not only to support and nurture their children, to but also to move families out of economic hardship. The proposal to cut home visitation in Hartford and New Haven – two cities with high rates of poverty and at-risk families – will cost the state more in the long run as more children will end up as DCF cases. Early intervention reduces child maltreatment, improves birth outcomes, improves school readiness, and promotes positive parenting.

The program is coupled with a very robust evidence-based evaluation component, which is informing policy makers what types of supports and interventions produce positive and long-lasting outcomes.

We urge the Committee to reconsider the magnitude of the cut to this vital program. The Children's Trust Fund has already been reduced by 20 percent and lost 50 percent of its staff over the past two years.

Medicaid

The Governor proposes increasing co-pays for dual eligible Medicare/Medicaid recipients to $25 per month and imposing co-pays for most Medicaid recipients for drugs up to $3, with a cap of $20 per month. We have tried this twice before in Connecticut and repealed the copays because it was found that people could not afford the copays and therefore went without the needed medications. This is penny-wise and pound foolish. Without the needed medications, people end up sicker, wind up in emergency rooms, and ultimately cost the state more.

CAHS is also concerned about new Low-Income Adult (LIA) program, formerly covered under the SAGA program. The LIA program is comprised of 60,000 individuals. The new LIA program covers non-disabled, non-elderly, non-pregnant adults with no minor children. We supported moving the SAGA program under Medicaid for a number of reasons: 1) Medicaid has broader medical coverage than SAGA; and 2) Connecticut will get back 50 cents for every dollar spent on this population.

When the shift was made, health care advocates understood that the SAGA population would be treated the same as the Medicaid population. The Governor, however, is proposing an "alternative benefit package." It is unclear what this package will look like. We are concerned that it will offer compromised health coverage to LIA clients, who often have very complex medical needs. CAHS opposes a measure that would treat the LIA population different than the Medicaid population.

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